

## WHAT IS CLAIMED IS:

| 1 | 1. | <ul> <li>A method of evaluating an application for a financial pro</li> </ul> | duct, the |
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- 2 method comprising:
- 3 receiving application data;
- 4 calculating, based at least in part on said application data, expected
- 5 loss data; and
- 6 calculating, based at least in part on said expected loss data, a return
- 7 on investment for said application.
- 1 2. The method of claim 1, further comprising:
- 2 making an application approval decision based on said return on
- 3 investment.
- 1 3. The method of claim 2, wherein said making an application approval
- 2 decision further comprises:
- 3 comparing said return on investment with an expected return on
- 4 investment.
- 1 4. The method of claim 1, wherein said application data includes at least
- 2 one of a collateral identifier, credit related information, and payment
- 3 information.
- 1 5. The method of claim 1, wherein said calculating expected loss data
- 2 comprises:
- 3 executing an account level loss forecast model;
- 4 executing a termination event model; and
- 5 calculating expected loss data in response to the execution of the
- 6 account level loss forecast model and the execution of the termination event
- 7 model.

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- 1 6. The method of claim 5, wherein said executing an account level loss
- 2 forecast model further comprises:
- 3 calculating a future value for an item of collateral associated with said
- 4 application.
- 1 7. The method of claim 1, wherein said calculating expected loss data
- 2 further comprises:
- 3 storing price tier data;
- 4 executing a risk model to compute a credit risk;
- 5 assigning said credit risk to a price tier based on said price tier data;
- 6 and
- 7 generating probabilities of one or more of said termination events
- 8 occurring before said expiration to form one or more termination scenarios.
- 1 8. The method of claim 7, wherein said calculating a return on investment
- 2 further comprises:
- 3 forecasting the severity of loss of said termination scenarios to form
- 4 one or more loss scenarios;
- 5 calculating net income and annualized net investment for said loss
- 6 scenarios;
- 7 determining expected net income and expected annualized net
- 8 investment in response to said calculating; and
- 9 determining an expected return on investment based on a ratio
- 10 comprising said expected net income and said expected annualized net
- 11 investment.
- 1 9. The method of claim 7, wherein said generating probabilities further
- 2 comprises:
- 3 generating probabilities of said termination events occurring in relation
- 4 to a plurality of said payment times.

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- 1 10. The method of claim 8, wherein said forecasting the severity of loss
- 2 further comprises:
- 3 forecasting the severity of loss of said termination scenarios for at least
- 4 a plurality of said payment times.
- 1 11. The method of claim 7, wherein said financial product requires an item
- 2 of collateral and wherein said forecasting comprises:
- 3 forecasting a current balance on book;
- 4 forecasting a market value of said collateral; and
- 5 calculating a difference between said current balance on book and said
- 6 market value of said collateral.
- 1 12. The method of claim 11, wherein said forecasting a market value is
- 2 performed using at least one of: Winter's multiplicative time series estimation;
- 3 or an exponential decay between a manufacturer suggested retail price of
- 4 said collateral and a residual value of said collateral at the expiration.
- 1 13. The method of claim 7, wherein said financial product is a lease.
- 1 14. The method of claim 13, wherein said termination events comprise at
- 2 least one of: repossession with delinquencies, early payoff, insurance loss,
- 3 and repossession without delinquencies.
- 1 15. The method of claim 7, wherein said financial product is a loan.
- 1 16. The method of claim 15, wherein said termination events comprise at
- 2 least one of: repossession, non-collateralized loss and early payoff.
- 17. A computer-readable medium bearing a computer program containing
- 2 instruction steps such that upon installation of said computer.program in a
- 3 general purpose computer, the computer is capable of performing the method
- 4 of claim 1.

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| 1  | 18. A method of evaluating an application for a financial product for which     |  |
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| 2  | at least one price tier has been established, the method comprising:            |  |
| 3  | receiving application data;   |  |
| 4  | executing a risk model to compute a credit risk for said application            |  |
| 5  | data;   |  |
| 6  | assigning said credit risk to a price tier; generating probabilities of one     |  |
| 7  | or more termination events occurring before an expiration of said financial     |  |
| 8  | product to form one or more termination scenarios;                              |  |
| 9  | forecasting the severity of loss of said termination scenarios;                 |  |
| 10 | calculating, based at least in part on said severity of loss of said            |  |
| 11 | termination scenarios, a return on investment (ROI) for said application; and   |  |
| 12 | approving said application if said calculated ROI is within an expected         |  |
| 13 | ROI threshold.  |  |
|    |   |  |
| 1  | 19. An apparatus for evaluating an application for a financial product, the     |  |
| 2  | apparatus comprising:   |  |
| 3  | a processor;  |  |
| 4  | a communication device, coupled to said processor, receiving                    |  |
| 5  | application data from at least a first user device; and                         |  |
| 6  | a storage device in communication with said processor and storing               |  |
| 7  | instructions adapted to be executed by said processor to:                       |  |
| 8  | calculate, based at least in part on said application data, expected loss       |  |
| 9  | data; and   |  |
| 10 | calculate, based at least in part on said expected loss data, a return on       |  |
| 11 | investment (ROI) for said application.  |  |
| 1  | 20. The apparatus of claim 18, said storage device further storing instructions |  |
| 2  | adapted to be executed by said processor to:                                    |  |

make an application approval decision based on said calculated ROI.

| - 1 | 21. A system for evaluating an application for a financial product for which |  |  |
|-----|--|--|--|
| 2   | at least one price tier has been established, the system comprising:         |  |  |
| 3   | at least a first user device having  |  |  |
| 4   | a processor;   |  |  |
| 5   | a communication device, coupled to said processor, configured                |  |  |
| 6   | to send and receive data over a network; and                                 |  |  |
| 7   | a storage device in communication with said processor and                    |  |  |
| 8   | storing instructions adapted to be executed by said processor to             |  |  |
| 9   | receive application data; and  |  |  |
| 10  | forward said application data to an at least first lender device said at     |  |  |
| 11  | ieast first lender device having   |  |  |
| 12  | a second processor,  |  |  |
| 13  | a second communication device, coupled to said second                        |  |  |
| 14  | processor, configured to send and receive data over said network and         |  |  |
| 15  | to receive said application data; and  |  |  |
| 16  | a second storage device in communication with said second                    |  |  |
| 17  | processor and storing instructions adapted to be executed by said            |  |  |
| 18  | second processor to  |  |  |
| 19  | execute a risk model to compute a credit risk for said                       |  |  |
| 20  | application data;  |  |  |
| 21  | assign said credit risk to a price tier;                                     |  |  |
| 22  | generate probabilities of one or more termination events                     |  |  |
| 23  | occurring before an expiration of said financial product to form             |  |  |
| 24  | one or more termination scenarios;   |  |  |
| 25  | forecast the severity of loss of said termination scenarios;                 |  |  |
| 26  | calculate, based at least in part on said severity of loss of said           |  |  |
| 27  | termination scenarios, a return on investment (ROI) for said                 |  |  |
| 28  | application; and   |  |  |
| 29  | approve said application if said calculated ROI is within an                 |  |  |
| 30  | expected ROI threshold.  |  |  |



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- 1 22. A computer program product in a computer readable medium for 2 evaluating an application for a financial product, comprising: 3 first instructions for receiving application data; 4 second instructions for calculating, based at least in part on said 5 application data, expected loss data; 6 third instructions for calculating, based at least in part on said expected 7 loss data, a return on investment (ROI) for said application; and 8 fourth instructions for approving said application if said calculated ROI is 9 within an expected ROI range for said financial product.
- 2 23. A system for evaluating an application for a financial product, the system3 comprising:
- 4 means for receiving application data;
- 5 means for calculating, based at least in part on said application data,
- 6 expected loss data; and
- 7 means for calculating, based at least in part on said expected loss data, a 8 return on investment for said application.
- 1 24. The system of claim 23, further comprising means for comparing said
- 2 return on investment with an expected return on investment; and means for
- 3 making an application approval decision based on said return on investment.

